



**Agenda Item Number: 2006-8-7B**

## **BERNALILLO COUNTY BOARD OF COUNTY COMMISSIONERS**

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**Meeting Date:** August 9, 2006

**Department:** Finance **Staff Contact:** Commissioner Deanna Archuleta  
Thaddeus Lucero, County Manager  
Dan Mayfield, Deputy County Manager  
Finance

**TITLE:** Adoption of ordinance(s) to implement up to 2/16% Healthcare Gross Receipts Tax in accordance with Laws of 2006.

**ACTION:** Motion to adopt:

1. **Ordinance 2006-** to implement a 1/16% Healthcare Gross Receipts Tax.
2. **Ordinance 2006-** to implement an 1/16% Indigent Healthcare Gross Receipts Tax
3. The agreement between Bernalillo County and the University of New Mexico Hospital (UNMH).

### **SUMMARY:**

During the 2006 legislative session NMSA 7-20E-18 known as the County Health Care Gross Receipts Tax (ATCH 1) was amended to allow an implementation of up to 2/16% Gross Receipts Tax. The County Health Care Gross Receipts Tax can be implemented for the following:

1. The first 1/16 % Healthcare Gross Receipts Tax must be dedicated to support the county-supported Medicaid fund. This payment is required from each County in New Mexico. Currently, UNMH makes the required payment to the State of New Mexico on behalf of Bernalillo County. If this tax is implemented, UNMH will be relieved of this obligation to make this payment of approximately \$10 million per year. The proposed agreement between UNMH and Bernalillo County is to ensure that additional funds available to UNMH from adoption of this Ordinance are used for indigent health care.
2. The second 1/16 % Indigent Healthcare Gross Receipts tax can be imposed for a period that ends no later than June 30, 2009. Revenue from the second 1/16 % gross receipts tax must be dedicated to the support of indigent patients.

The Notice of Intent was approved on June 27, 2006 and advertised on July 10, 2006. Approval of the Ordinance(s) prior to September 30, 2006 will enable the tax to go into effect on January 1, 2007.

## **ATTACHMENTS:**

1. HB 274 – NMSA 7-20E-18 as amended in the 2006.
2. **Ordinance 2006-** 1/16% Healthcare Gross Receipts Tax
3. **Ordinance 2006-** 1/16% Indigent Healthcare Gross Receipts Tax
4. Agreement between University of New Mexico Hospital (UNMH) and Bernalillo County Board of County Commissioners.
5. Proof of Publication

## **FISCAL IMPACT**

If the Ordinance is enacted the increase in revenue from the first 1/16% Healthcare Gross Receipts Tax will be used to satisfy the State of New Mexico's Medicaid matching requirement from Bernalillo County. If the second 1/16<sup>th</sup>% Indigent Healthcare Gross Receipts Tax is implemented the proceeds will be dedicated to the support of indigent healthcare needs within the County including the following County supported indigent healthcare facilities and programs until June 30, 2009; Metropolitan Assessment Treatment Services Center, South Valley Health Commons, Public Health Office, and Southeast Heights Clinic.

## **STAFF ANALYSIS SUMMARY**

### **COUNTY MANAGER**

Last Year Governor Richardson held a health care summit to address the needs of University of New Mexico Hospital. An annual deficit of \$43 million was identified by UNMH and the UNM Board of Regents. Part of the deficit is caused by UNMH's transfer of \$10 million per year to the State of New Mexico for Medicaid match. If the first 1/16<sup>%</sup> Health Care Gross Receipts Tax is implemented UNMH will be relieved of its obligation to transfer \$10 million. The proposed agreement between UNMH and Bernalillo County is to ensure that additional funds available to UNMH from this action are spent for indigent health care delivery.

If the second 1/16% gross receipts tax is implemented additional funding will be available for indigent care for programs such as MATS, South Valley Health Commons, Stanford Clinic and MDC. I recommend Board approval TL 7/27/2006

### **LEGAL**

All documents have been prepared by Hughes and Strumor, Ltd.

### **DEPUTY COUNTY MANAGER FOR FINANCE**

(see summary) An election is not required to implement the Health Care Gross Receipts Tax. If the ordinance imposing the tax is adopted prior to Sept. 30, 2006 the tax will go into effect on January 1, 2007. Dan Mayfield 07/31/06